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LETTER OF TRANSMITTAL

UNITED STATES SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., March 5, 1982.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In spite of many shared values and aspirations including a deep commitment to democracy, United States-India relations have been strained in recent years. The reasons include India's relations with the Soviet Union, the ongoing Tarapur dispute, differences over Afghanistan, and Indian concerns over the evolving United States relationship with Pakistan.

The attached report by Peter Galbraith of the Foreign Relations Committee staff examines the current state of United States-India relations. It is based on a staff trip to South Asia during the August congressional recess and was prepared to assist the committee in its consideration of a number of legislative issues relating to South Asia including the sale of F–16 aircraft to Pakistan and the fiscal year 1982 and fiscal year 1983 Foreign Aid Authorization Act.

I believe the report is informative and useful. The views expressed therein are those of Mr. Galbraith and do not necessarily reflect the views of any member of the Foreign Relations Committee.

With every good wish.

Ever sincerely,

CLAIBORNE PELL.

PREFACE

This report attempts to assess United States-Indian relations in the context of the Administration's proposed "new relationship" with Pakistan. The report is based on a staff trip to South Asia during the August Congressional recess, as well as on meetings with appropriate officials of the State Department, AID, CIA, and ICA. While in India, I met with U.S. Embassy officials, Indian Ministry of External Affairs (MEA) officials, Members of Parliament, development officials, state government officials, academics, journalists, and other observers of the Indian scene. The New Delhi meetings included an hour and a half meeting with Prime Minister Gandhi.

My reception in New Delhi was a friendly one and that, as well as the level of access, reflects, in part, the depth of Indian concern with the United States-Pakistani relationship. It also reflects, in my view, the importance the Indians attach to good relations with the United States.

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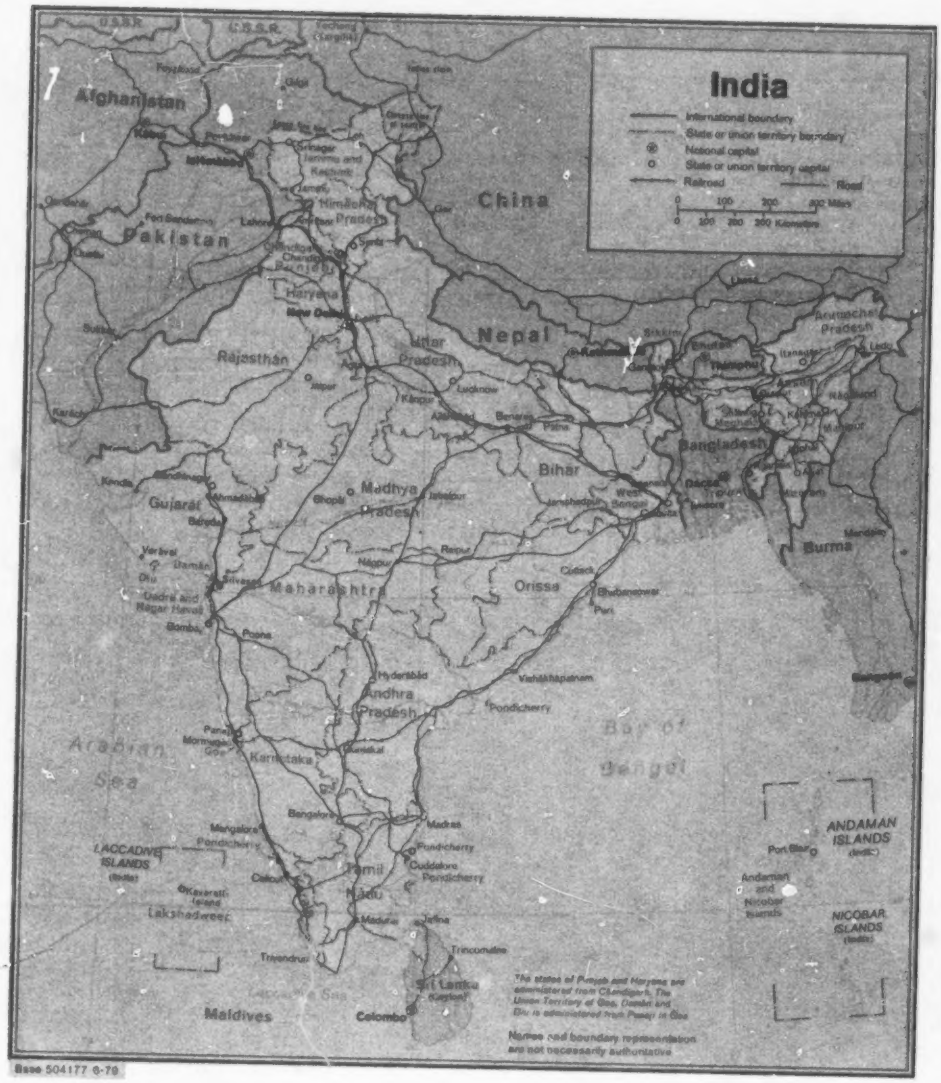

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Summary

United States-Indian relations are probably at their worst level in a decade. Indian officials cite U.S. military support for Pakistan, the ongoing dispute over the Tarapur nuclear facility and perceived Reagan Administration indifference to North-South issues as major concerns. For their part, American diplomats in New Delhi expressed frustration over Indian positions on Afghanistan and regional security issues, including the military supply relationship with the Soviet Union.

U.S. military assistance to Pakistan was raised in virtually every meeting and was a major—if not the major—topic in the Indian press during the visit. The Indians argue that the equipment to be provided Pakistan—notably the F–16s, the TOW anti-tank weapons, and the advanced APCs—are in sophistication and quantity "far in excess of Pakistan's legitimate defense requirements." The Indians are particularly concerned about the F–16s which, they say, will greatly enhance Pakistan's ability to reach and to attack sensitive Indian installations including oil facilities and nuclear powerplants. To meet the threat imposed by the F–16s, Indian officials say they will have to divert up to $1 billion from development to the purchase of comparable aircraft, most probably the Mirage 2000. Many Indians, including Mrs. Gandhi, believe there is a good chance of another Indo-Pakistan war in the next few years.

Indian officials expressed concern over Pakistan's nuclear ambitions but seemed to have no program for preventing a nuclear arms race on the subcontinent. In spite of a lively debate in New Delhi on the issue, Mrs. Gandhi firmly stated India had no intention of acquiring nuclear weapons. Mrs. Gandhi did concede a Pakistani detonation could lead to a revision of this position.

With regard to Tarapur, both the United States and India are seeking to negotiate a termination of the 1963 fuel supply agreement. The sticking point is safeguards, which the United States would like to continue and which India says, as a matter of sovereignty, it will not continue if the 1963 agreement is terminated. An Indian Ministry of External Affairs (MEA) official did say India was prepared to give "unilateral assurances" which would "satisfy congressional concerns" that Tarapur fuel is not being diverted. The official did not say whether the assurances would include continued IAEA safeguards.

Among the public, and within the government, there are signs of discontent with India's current relationship with the Soviet Union. In spite of Soviet desires for a major ceremony, India downplayed the recent 10th anniversary of the Soviet-Indian Friendship Treaty. Among the public there is considerable concern about the Soviet presence in Afghanistan as well as some chagrin over the government's failure to speak out on the issue. With the warming of Sino-Indian

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relations and an increased recognition of the political costs of the Soviet connection, there is some sense in New Delhi that the treaty has outlived its usefulness. India does depend on the Soviet Union for large arms transfers and the U.S. arms sales/assistance to Pakistan could increase that dependence.

With regard to Afghanistan, India defends its abstention on the U.N. resolutions by stressing (1) that, notwithstanding the votes, India opposes the Soviet occupation and (2) India's refusal to condemn the Soviet Union in the world forum gives it credibility with the Soviet Union as a potential mediator. MEA officials, however, were unable to give concrete examples of how this stance promoted a settlement. In our meeting, Mrs. Gandhi was very pessimistic about the prospects for a settlement.

With the exception of China and Sri Lanka, India's relations with its other neighbors have deteriorated since Mrs. Gandhi took office in January 1980. There is now a serious dispute with Bangladesh over the Ganges river waters as well as emotional territorial disputes. On the other hand, there has been some progress toward resolving India's border dispute with China.

The Indian economy presents a contrasting picture with considerable successes as well as serious problems. Agriculture has achieved great gains, making India basically food self-sufficient. India also has considerable technical, scientific and engineering resources to assist development of the industrial sector. Serious problems of energy shortages, over-population, food and income distribution, and massive poverty remain. While external assistance is not critical to India's development, India is the biggest recipient of multilateral assistance as well as one of the biggest Third World users of credit from the international financial institutions. India is quite concerned about possible U.S. cutbacks in support for multilateral assistance and the international financial institutions.

Background

Thirty-five years after independence, India is a stable, functioning democracy and one of the few Third World countries that can be so described. Yet in spite of its political success, India faces numerous domestic problems, including the burdens of overwhelming poverty. Internationally, India continues to be frustrated in its ambition for a world role commensurate to its size.

With the exception of Mrs. Gandhi's brief emergency (June 1975–March 1977), India's democratic system has remained intact. Power is transferred through elections, constitutional guarantees of fundamental human rights are generally respected, and India has a flourishing free press. Communal tensions among India's multiple religious, ethnic and linguistic communities wax and wane, sometimes flaring up in serious outbreaks of violence. Yet, India's diversity—the country includes adherents to at least seven major religions, comprises numerous ethnic groupings, and has fourteen official languages—is a principal source of India's political pluralism. Because of the need for accommodation and because of the number of groupings, there is no sense that the Indian state is the provenance of any one particular

group. Consequently, outside the Assam region, there is little separatist sentiment.

India's principal domestic problem is, of course, its massive poverty. Statistics tell a depressing story. Per capita GNP is $180 (1978); life expectancy is 52 years; infant mortality is 129 per 1,000 live births; adult literacy is 33 percent. As of 1977, only 33 percent of the population (83 percent of the urban population; 20 percent of the rural population) had access to safe water. In 1977–78, 306 million Indians—49 percent of the total—lived below the government-defined poverty levels of 2,400 and 2,100 calories per day for rural and urban populations respectively.

In spite of acquiring the symbols of being a great power—the ability to detonate nuclear weapons and to launch satellites into space—India is probably further from its ambitions for a world role under Nehru's daughter than in Nehru's time. Twenty years ago, India was (with Tito's Yugoslavia and Nasser's Egypt) a leader of the nonaligned world seeking to exercise moral leadership through the application of Gandhian principles of non-violence (principles not always honored in Nehru's time). Today, India's standing in the nonaligned movement (NAM) is diminished by its relationship with the Soviet Union and by the rise of blocs within NAM (the Islamic bloc, the African bloc) in which India has no role.

While firmly established as the dominant power of the subcontinent, India continues to confront a more powerful China over a still-disputed border. Further, Indians foresee a Pakistan armed with sophisticated American equipment and possessing a nuclear capability as upsetting the present regional balance and as potentially threatening. United States-Indian relations have oscillated over the 35 years of independence, being more dependent on the nature and extent of United States military and political relationships in the region than on the levels of United States economic assistance. While official United States-Indian relations are at the lowest point in a decade, bonds brought about by trade, travel, the education of the Indian elite in the United States, and a growing Indian population in the United States have become increasingly important.

POLITICS

The January 1980 elections, which resulted in an overwhelming victory for her Congress–I party,[1] firmly established Mrs. Gandhi as the dominant force of Indian politics. Within the government Mrs. Gandhi's authority is virtually unchallenged, and much of the conduct of foreign affairs reflects her personal style and prejudices.

As a leader, Mrs. Gandhi has the breadth that comes from a lifetime at the center of power, and 13 years as head of government. While linking her policies to those of her father, Mrs. Gandhi is a pragmatist and a nationalist, not an ideologue. According to those who know her, Mrs. Gandhi relies on only a small, sometimes sycophantic, group of advisors—the most trusted being her son Rajiv—and is mistrustful of many of the political figures around her. As a nationalist, Mrs. Gandhi

[1] The Congress–I party is Mrs. Gandhi's faction of the old Congress Party. Recently, the Indian Supreme Court ruled that Congress–I was the bonafide Congress Party. The "I" stands for Indira.

is deeply sensitive to questions of Indian sovereignty and suspicious of the motives and actions of foreign powers. Her views on domestic and international issues are often flavored by personal relations and experiences.

Politically, the January 1980 elections destroyed the opposition. The Janata coalition, which had split prior to the elections, has broken up into its various components. Many senior politicians are seeking acceptance into the Congress–I, often on humiliating terms. Others, such as former Janata leader Jagiwan Ram, seem very much at a loss as to how to proceed.

According to Indian observers, Mrs. Gandhi's top political priority seems to be securing the succession of her surviving son, Rajiv. Rajiv, a former airline pilot who has just recently been elected to the Parliamentary seat vacated by the death of his brother Sanjay, is very much a reluctant entrant into politics. He appears to be well-liked (not the least for his modesty) and well-regarded, although not yet well-versed in either Indian or international politics.

Foreign Policy

UNITED STATES-INDIAN RELATIONS: GENERAL

Official United States-Indian relations are probably at their worst level since the 1971 Indo-Pakistan War. Officials of India's Ministry of External Affairs (MEA) cited the U.S. military support for Pakistan, the ongoing dispute over the Tarapur nuclear facility, and perceived Reagan Administration indifference to North-South issues as major concerns. For their part, American diplomats in New Delhi expressed frustration over the Indian position on Afghanistan and regional security issues, including India's military supply relationship with the Soviet Union.

The current impasse in United States-Indian relations seems to go beyond specific bilateral issues to matters of attitude and perception. India sees itself as an important actor on the world stage to which due consideration should be given. Many Indians, in and out of government, see the perceived failure of the United States to recognize India's importance as hostility. As one retired senior Indian diplomat put it, "We cannot accept that you are indifferent to us, so therefore we believe you are really conspiring against us."

The proposed provision of F–16s to Pakistan tends to confirm this view. That the United States should view Pakistan's security in the context of the Gulf and Soviet expansion—and not in the context of the subcontinent—is inconceivable in New Delhi. Therefore, to many Indians, the F–16 deal is a straight and simple case of the United States seeking to undermine Indian hegemony in the subcontinent.

United States-Indian relations are also complicated by India's relationship with the Soviet Union. Many Americans question India's commitment to non-alignment in view of India's Friendship Treaty with the Soviet Union, India's failure to condemn the Soviet invasion of Afghanistan in the United Nations, and India's military supply relationship with the Soviet Union. Indians deny that their relationship with the Soviet Union constitutes an alliance and offer explanations, not always with great conviction, for their Afghanistan vote.

Finally, United States-Indian relations also seem to be impaired by

an Indian perception that the Reagan Administration is particularly hostile to India. As seen from New Delhi, the Reagan Administration views the world in East-West terms with India being in the Soviet camp. To be seen in this way is something the Indians find deeply offensive.

U.S. ARMS TO PAKISTAN

Indians are deeply concerned about a new U.S. military relationship with Pakistan and are particularly alarmed at the sophistication of some of the equipment being sold to Pakistan. The question of U.S. military assistance to Pakistan was raised in virtually every appointment in the MEA, with politicians, and with journalists. It was also a major—if not the major—topic of discussion in the Indian press during the visit.

The Indians argue that the equipment provided Pakistan—notably the F–16s, the TOW anti-tank weapons, and advanced APCs—are in sophistication and quantity "far in excess of Pakistan's legitimate defense requirements." The F–16s are seen as a generation ahead of anything India currently has. (India's current top performance aircraft are the Anglo-French Jaguar and the Soviet built MIG–23. It has some MIG–25 reconnaissance aircraft on order.)

Indian officials note that a number of sensitive Indian facilities would be in easy range of the F–16s. These include the Tarapur nuclear reactor outside of Bombay, the Rajastan nuclear facilities at Kota, the off-shore Bombay High oil rigs and facilities, and the large Mathura refinery near Agra. Indians point out that Bombay, New Delhi and Agra are major cities within easy range of F–16s, as is much of India's industrial plant.

To meet the threat imposed by the F–16s, New Delhi is considering the purchase of the Mirage 2000 aircraft at a cost approaching $1 billion. Politicians and MEA officials stressed this level of expenditure would require diversion of significant resources from development and would be painful.

Indians mostly agree the F–16s will not alter the military balance in the subcontinent. They do maintain, however, that in the initial phases of a renewed Indo-Pakistan War, the F–16s could do great damage before Indian superiority could be brought to bear. Many Indians, are convinced that another such war is inevitable. Mrs. Gandhi repeated an oft-cited scenario in saying that the present Pakistan regime is unstable and, in a desperate domestic situation, may attack India to rally popular support, notwithstanding the military odds. Mrs. Gandhi expressed her belief that such an attack could occur in the next year or two.

Indians believe the only realistic use Pakistan could make of the F–16s is against India. They argue that forty F–16s could hardly counter Soviet aggression and that the aircraft has virtually no utility in combating domestic insurgency. Several Indians, including Mrs. Gandhi, commented on the failure of the United States to seek assurances that military equipment provided Pakistan would not be used against India.

NUCLEAR ISSUES

Indians almost all agreed that Pakistan's nuclear ambitions posed a threat to India. Interestingly, however, the question of the Pakistani bomb is a much less important part of the debate in New Delhi over

the United States-Pakistani relationship than it is in Washington. Further, most Indian officials, including Mrs. Gandhi, were totally unreceptive to measures that might reflect a Pakistani bomb, such as a South Asia nuclear-free zone.

Indians generally viewed U.S. non-proliferation policy as unworkable and yet had no suggestions of their own. A MEA official responsible for Pakistan affairs agreed that attaching a non-detonation condition to U.S. assistance to Pakistan would be marginally helpful. Other observers, official and non-official, felt Pakistan's nuclear timetable was almost entirely a function of domestic politics (i.e., the Zia government would detonate to boost its prestige with the military)[2] and that U.S. strings would have no effect.

Presently there is a lively debate in New Delhi over whether India should embark on a nuclear weapons program. (India detonated what it called a peaceful nuclear explosion in 1974 but, at that time, said it had no intention of acquiring nuclear weapons). Several prominent journalists and politicians, including a former foreign minister, endorsed the nuclear option, arguing in part that India needed to have a nuclear deterrent to China. Mrs. Gandhi firmly stated that India had no intention of developing nuclear weapons. She did concede, when pressed, that a Pakistani detonation could lead to a reevaluation of this position.

[India in 1980, launched a satellite into orbit and has since been pushing hard to develop its space program. While there is no indication that India's space program has a military component, it does give India some capability to develop at least an IRBM delivery system.]

TARAPUR

Both Indian and U.S. officials concur that there is no likelihood of further shipments under the 1963 Agreement in which the United States contracted to provide fuel for the U.S. built nuclear powerplant at Tarapur. Even before the 1980 Congressional debate on further fuel shipments, senior Indian MEA officials had concluded the 1963 Agreement was a significant irritant in United States-Indian relations and more trouble than it is worth. The Reagan Administration has recognized this and sent Assistant Secretary James L. Malone to New Delhi to negotiate a termination of the Agreement. To date, these negotiations have not been fruitful and thus Tarapur continues to be an irritant.

The United States, which finds it difficult to fulfill the Tarapur fuel supply contract because India is a non-NPT state without full scope safeguards, would like to continue safeguards on Tarapur and to prevent diversion of waste into plutonium for weapons. The Indians forcefully argue that, based on the 1963 Agreement, the United States has a contractual obligation to sell the nuclear fuel—an obligationwhich cannot be superseded by the subsequent unilateral 1978 Congressional legislation. Intensely sensitive to questions of sovereignty and to public opinion, the Indian Government says, that in the absence of a fuel supply agreement, it cannot continue the safeguards.

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[2] The notion that atomic detonation makes good politics was pioneered by Mrs. Gandhi whose 1974 detonation was an important factor in her landslide victory in the subsequent election.

In a meeting which the MEA requested just prior to my departure from New Delhi, an official did say that India was prepared to give "unilateral assurances" which would "satisfy Congressional concerns" that the Tarapur fuel would not be diverted to weapons use. The official did not say if such assurances would include continued IAEA inspections (although presumably India could not satisfy Congressional concerns without international inspection) and he emphasized that any Indian action would be unilateral and could not be part of a bilateral agreement to terminate the 1963 Agreement.

The coincidence of the impending termination of the Tarapur Agreement with the Administration's effort to lift Symington Amendment restrictions on aid to Pakistan evoked some comment in New Delhi about a U.S. double standard. When asked about this, Prime Minister Gandhi concurred that the United States had a double standard, but did not dwell on Tarapur.

INDO-SOVIET RELATIONS

India's present relationship with the Soviet Union is based on the 1971 Indo-Soviet Friendship Treaty. In that year New Delhi hastily (some say in panic) took up a standing Soviet offer for such a pact. According to analysts a major motivation for the apparent departure from a policy of strict nonalignment was a fear that the Sino-American rapprochement would leave India isolated as it faced the growing crisis in East Pakistan.

Today, India unquestionably considers the Soviet Union's willingness to provide advanced weapons on concessional terms as the most important aspect of the Indo-Soviet relationship. In 1980 India and the Soviet Union concluded a $1.63 billion arms sales agreement (because the terms of the sale are highly concessional, its market value is considerably higher) including sophisticated fighter aircraft and tanks. Particularly valued by the Indians are co-production arrangements which bring not only the weapons, but also the technology to India. One consequence of the Indo-Soviet military supply relationship is to create an important constituency in the Indian military and industrial sectors which supports good relations with the Soviet Union.

There are, however, costs for India associated with the relationship, of which the U.N. vote on Afghanistan is the most conspicuous example. Furthermore, with the resolution of the 1971 crisis and the present warming of Sino-Indian relations, there is sentiment that the relationship, at least in its present form, has outlived its usefulness.

Among the Indian public, and within the government, there are significant signs of discontent with the current Indo-Soviet relationship. With the exception of the Communist Party politicians, the Soviets were sharply criticized in my meetings for their occupation of Afghanistan. Several Indian politicians and journalists expressed concern at the potential threat to India posed by Soviet forces in Afghanistan, the first time a super power has had troops south of the Hindu-Kush. (This attitude has popular expression in the many posters around Delhi reading AFGHANISTAN-PAKISTAN-INDIA.) There is also considerable chagrin—and even embarrass-

ment—in New Delhi over the government's failure to speak out forcefully on Afghanistan.

Indian Government discontent with its current relationship with the Soviet Union is perhaps best indicated by India's decision to turn down a Soviet request for a high-level delegation to go to Moscow to mark the 10th anniversary (and mid-point) of the Indo-Soviet Friendship Treaty. (When Mrs. Gandhi was asked about whether she had intended a snub, she spoke of "other long-standing commitments.")

Indians also take considerable pains to stress that the Indo-Soviet treaty is a Friendship Treaty, not an alliance. MEA officials pointed out that, in the recent border negotiations with China, India did not consult in advance with the Soviet Union. While it is not clear what consultations are required by the treaty, the failure to consult in this case was considered by many Indian observers a significant sign of the limits of Indo-Soviet cooperation.

In our conversation, Mrs. Gandhi went to some lengths to distance herself from the Soviet Union. She criticized Soviet actions in India and internationally, and made it clear that India does not follow the Soviet Union's lead. While Indians express appreciation for the Soviet Union's reliability (particularly as an arms supplier), Indian nationalism and Mrs. Gandhi's mistrust of foreign powers place real limits on the extent of Soviet influence.

India has clearly signaled some discomfort and coolness in its relationship with the Soviet Union. Whether U.S. military assistance to Pakistan will bring about a closer Indo-Soviet relationship is not known.

AFGHANISTAN

Alone among the significant non-Soviet bloc states, India refused to vote for United Nations' resolutions calling for the withdrawal of Soviet troops from Afghanistan. MEA officials defend India's votes by stressing, (1) that, notwithstanding the U.N. votes, India opposes the Soviet occupation of Afghanistan and (2) India's refusal to condemn the Soviet Union in the world forum gives India credibility with the Soviet Union to act as a potential mediator. MEA officials were, however, unwilling, or unable, to give any concrete examples of how India's "independent" stance on Afghanistan promoted a peace settlement. Furthermore, Mrs. Gandhi is very pessimistic about the prospects for an Afghanistan settlement. In our meeting she said she saw no possibility of a compromise, pointing out that the Soviets could not accept a government in Kabul hostile to the Soviet Union and yet any government not propped up by Soviet troops would surely be extremely hostile.

Mrs. Gandhi's pessimism about Afghanistan suggests that India does not have great hopes for a role as a possible mediator. It would also seem to contradict the thrust of her recent comments charging that Pakistan was obstructing the peace process.

Many Indian observers outside the government, as well as some in the government speaking privately, expressed dissatisfaction with India's position on Afghanistan. They argue that India's abstention on U.N. votes has cost India dearly in world opinion and in the nonaligned movement. These observers charge that the votes make India

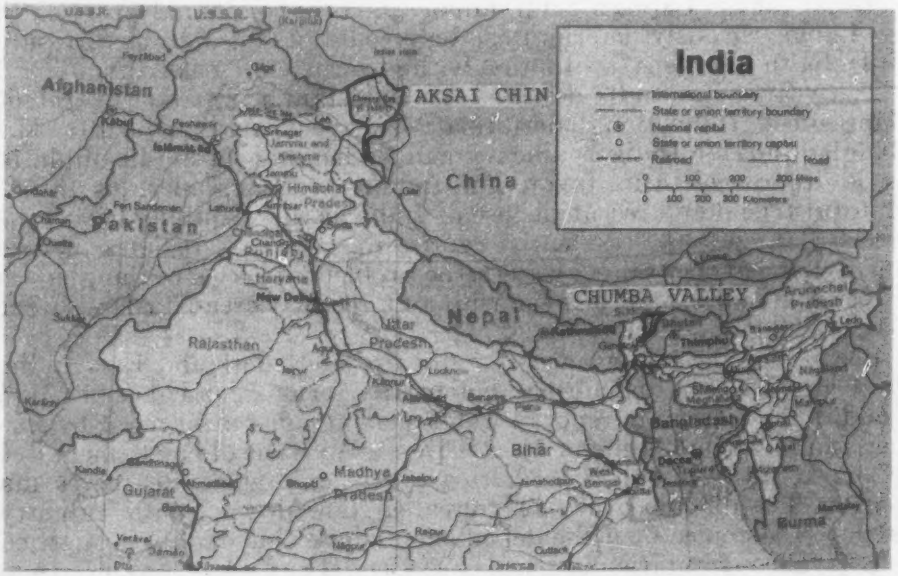
appear as a Soviet lackey and is blind to the very serious long-term threat posed to the subcontinent by a Soviet presence south of the Hindu-Kush.

SINO-INDIAN RELATIONS

Sino-Indian relations, which had been at a very low level for much of the period following China's 1962 attack on India, have recently shown signs of improvement. In the summer China's Foreign Minister Huang Hua visited New Delhi and apparently signaled a new Chinese willingness to settle the border dispute.

According to American diplomatic observers, China would like to weaken the Indo-Soviet bond so as to alleviate China's own sense of encirclement. (Indeed a Chinese initiative had been in process earlier but was postponed when India extended diplomatic recognition to the Vietnamese-installed Heng Samrin regime in Cambodia.) Insofar as the Indo-Soviet Friendship Treaty was a reaction to India's fears of Sino-American collusion in 1971, the dimunition of Sino-Indian tension could indeed have some of the results the Chinese desire.

There is speculation that the Chinese are prepared to offer a border settlement whereby China would recognize the MacMahon line as the frontier in the Northeast while India would cede the Chinese-occupied portion of Ladakh, the Aksai Chin. The Indians, however, are not keen on a trade of the MacMahon line for the Aksai Chin (saying in effect we would give up what is ours to gain what is ours) but may be more receptive to a broader package. Some speculation in New Delhi envisions Indian cession of the part of the Aksai Chin which includes the Tibet-Sinkiang highway in return for Chinese cession of the Chumba valley (see map). While Mrs. Gandhi and the MEA see the initiative as encouraging, they are cautious and also feel they can afford to wait.



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NEIGHBORS

Because of its dominant position in the subcontinent, India's relations with its smaller neighbors have been a matter of some sensitivity for New Delhi, as well as for the neighbors. Mrs. Gandhi has generally adopted a more assertive policy vis-a-vis the neighbors than was true of the Janata government. As a result, India's relations with Bangladesh have taken a turn very much for the worse while Nepal, Bhutan, and Sri Lanka have, at times, been nervous about possible Indian meddling in their affairs.

The Himalayan states of Nepal and Bhutan are almost totally dependent on India for access to the outside world, a situation not entirely satisfactory to these states. Bhutan, which by treaty grants India a dominant role in its defense and foreign policy, has in recent years sought to establish more of an independent identity. Bhutan joined the United Nations in 1970 and this year joined the World Bank and IMF. Taking advantage of the transition period from the Janata government to Mrs. Gandhi's, Bhutan in early 1980 established diplomatic relations with a second nation, Bangladesh. Mindful of the experience of Sikkim, the Bhutanese have proceeded cautiously being careful not to antagonize New Delhi.

Indo-Nepalese relations are basically good, although Nepal, too, has been privately concerned about India's big brother posture. The presence of a significant Nepali population in north India--more Nepalis live in India than Nepal—may, in the long run, cause problems in bilateral relations.

Sri Lanka, not sharing a land border with India, has probably the best relations with India among the neighbors. India settled a dispute over some small islands in a manner satisfactory to Sri Lanka and has been careful to stress that Sri Lanka's communal problems are an internal affair. Nevertheless, the central government faces considerable pressure from South India's Tamils to take an assertive posture on behalf of Sri Lanka's Tamil minority. If the communal situation in Sri Lanka seriously deteriorates, there could be considerable pressure on India to intervene, a situation both governments seek to avoid.

Ten years after India defeated the Pakistani army and "liberated" Bangladesh, India-Bangladesh relations have deteriorated badly. The Bangladeshis see India as a heavy-handed neighbor using its might to settle differences in its favor. The Indians see Bangladesh as an ungrateful friend and resent the use of India as the whipping boy in the recent Bangladesh Presidential campaign. Bilateral disputes include the division of the Ganges waters, the problem of access to Bangladesh enclaves in India, and the ownership of a recently created island in the Bay of Bengal.

Because of the importance of water to Bangladesh and East India, the Ganges water dispute has potentially serious consequences. Mrs. Gandhi has refused to renew a water-sharing agreement made by former Indian Prime Minister Moraji Desai. With the old agreement due to expire in September 1982, this issue could generate increasing tension. The dispute over newly-created New Moore/South Talpatty Island (the choice of name depends on whose side one is on) has led to a naval confrontation in the Bay of Bengal and was a major issue in

the Bangladesh presidential campaign. Since the real estate in question is totally without value, the dispute should be resolvable in the context of improved relations and after the elections.

The resentments voiced against India in the capitals of the smaller neighbors are not too dissimilar from those once voiced about the United States south of the border. As the Janata government showed, India can develop good relations with its neighbors. Present Indian assertiveness, however, has created strains.

Economic Development

Like the country itself, the Indian economy presents a picture of startling contrasts. Most of the population continues to earn a meager livelihood in the traditional sector, and in particular in agriculture. While some of the benefits of modernization have been extended to the countryside and Indian agriculture has made significant strides, production basically utilizes the techniques and tools of centuries past.

On the other hand, India's scientific, engineering, and high and medium technology sectors are large and, in many cases, very advanced. In numbers of trained personnel, India boasts the world's third largest scientific and engineering community. Unlike almost any other Third World country (aside from China), Indian industry depends on Indian technology. This includes such high technology fields as avionics, electronics, and nuclear power and its applications. (India is also self-reliant in some defense industries, including certain types of ordnance and armaments.)

Indian economists and Finance Ministry officials point to several problems. These include: (a) low long-term rate of growth, (b) lack of purchasing power in the agricultural sector, and (c) energy. India's rate of growth—3.8 percent since independence—is low relative to many other developing countries, but does represent significant gains over the effective zero growth rate in the decades preceding independence.

Two significant factors contributing to the low growth rate are: (1) the absorption of resources by population growth, and (2) the relative lack of development in the agricultural sector. The recently completed 1981 census showed a population of 680 million or 20–30 million more Indians than projected. Indian planners face a chicken-egg dilemma in dealing with population growth. Without development, people cannot be persuaded that they have an economic stake in controlling their fertility and without a check in population growth development is difficult. Coercive population policies are now a political taboo, having been a major factor in Mrs. Gandhi's 1977 electoral defeat.

Agriculture has made impressive gains in the last twenty years. India is basically food self-sufficient, with buffer stocks in key staples sufficient to meet 1½ seasons of poor crops. Government programs, often assisted by external resources, have improved some aspects of village life through rural electrification, development of sanitary water sources, and through irrigation. However, income and purchasing power remains very low in the countryside, retarding rural development and providing only a limited market for India's industrial

sector. As West Bengal's Finance Minister put it in explaning Calcutta's industrial stagnation, "we are a nation of 700 million but only a market of 70 million."

In India, as elsewhere in the Third World, energy is a major constraint on economic growth. With 40 percent of its oil coming from domestic sources—notably the offshore Bombay High oil fields and the politically turbulent Assam state—India is better placed than many Third World countries. However, shortages of fuel for power generation, as well as limited generating capacity, has seriously disrupted industrial production in Calcutta and causes problems elsewhere. India hopes to further develop domestic petroleum resources and is hoping a $5.88 billion IMF loan will help facilitate this.

Although the world's largest recipient of external assistance, aid comprises only 10 percent of India's investment (capital development) budget. U.S. assistance, while constituting our largest development assistance program, is only 8 percent of India's total external assistance. Consequently, Indian officials are not particularly worried about reductions in bilateral programs. On the other hand, India does rely on multilateral assistance and is very worried about U.S. cutbacks for these programs.

The U.S. Stake in India

In conversations with U.S. diplomats involved over a period of time in the subcontinent, I tried to get an evaluation of the United States interest in India. Views on particular issues varied considerably, but there was general agreement on the following points:

(*1*) *India with approximately 680 million people and occupying a strategic position in South Asia is a country of considerable importance to the United States.*—Strategically, India controls the Indian Ocean sea lanes and is in a powerful position vis-a-vis other countries in the area important to the United States, including Pakistan. With one of the world's largest scientific and engineering communities and with the capability to launch space rockets and make nuclear weapons, India has considerable potential in spite of its poverty. India has exported scientists, professionals, technicians, and other skilled and unskilled labor to many parts of the world, including the Gulf. As a labor exporter, India contributes to the stability and progress of regions unquestionably vital to U.S. interests. Finally, the Indian economy is an important potential market for the United States.

(*2*) *United States interests are best protected by an India which is a democratic, pluralistic, and stable society and which in foreign affairs is secure and non-aligned.*—Indian democracy and political stability are a result of the ethnic, linguistic, and cultural pluralism of Indian society, as well as of India's size and long experience with parliamentary democracy. India's economic base and development are, because of India's size, primarily a function of domestic resources. India's security, too, depends heavily on Indian resources (e.g., manpower, Indian technology, Indian industry, and Indian arms manufacturing, although the ability to buy sophisticated foreign equipment is of critical importance) while India's non-aligned foreign policy is a function of its vision of its world role. Thus, to an extent not true for most Third World countries, India controls its own destiny.

(3) *There are important bilateral issues between the United States and India.*—These range from political interests in issues such as non-proliferation and Afghanistan, to science and technology exchanges, to the 30-year U.S. development assistance relationship, to important economic ties. Of increasing importance is the role of United States universities in providing advanced education to India's political, administrative, economic, and scientific elites. Indeed, the United States has replaced Britain in this regard, and throughout India there are people in influential positions with American degrees and connections.

(4) *There are steps the United States can take to improve relations and promote U.S. interests.*—India is the dominant power of South Asia and the Indian Ocean region. A U.S. policy which fails to recognize this simple fact of geography and demography is shortsighted and in the long run may compromise vital U.S. interests. Recognition of India's importance and in particular some sensitivity to its perception of itself as an independent world power could do much to improve relations at little cost. Promoting non-governmental United States-Indian ties, including those of trade, education and travel, will help build a more solid basis for a political relationship. Such ties also exploit U.S. assets in areas where the Soviet Union cannot hope to compete.

(5) *Improved United States-Indian relations could have important benefits including a lessening of Indo-Soviet ties.*—As a nation intensely conscious of its sovereignty and potential role as a world leader, India cannot be comfortable with a too close identification with the Soviet Union. Improved Indo-United States (and Sino-Indian) relations can reduce India's reliance on Soviet political and military support. This, in turn, might allow India to resume its historic position as an effective, and moderate, nonaligned leader. It may also allow India to play a more constructive role in helping reach an Afghanistan settlement.

APPENDIX I

Comparison of Indian And Pakistani Military Strength

INDIA

Population: 683,900,000.
Military service: voluntary.
Total armed forces: 1,104,000.
Estimated GNP 1980: $116 bn.
Defence expenditure 1981–2: 42 bn rupees ($5.12 bn).
$1=8.21 rupees (1981), 8.17 rupees (1980).

Army: 944,000.
2 armd divs.
18 inf divs.
10 mountain divs.
6 indep, armd bdes.
1 indep inf bde.
2 para bdes.
1 cdo bde.
17 indep arty bdes, incl about AA regts.
950 T-54/55, 170 T-72, 1,000 *Vijayanta* med. AMX–13 lt tks; 700 BTR-50/-60/-152, OT-62A/-64A APC; 76mm, 25-pdr, 300 100mm, 550 130mm, 5.5-in, S-23 180mm guns; 75mm pack, 75/24 mountain, 105mm (incl pack, *Abbot* SP), M-115 203mm how; 500 120mm, 160mm mor; M-18 57mm, *Carl Gustav* 84mm, 106mm RCL; SS-11, *Harpon*, *ENTAC* ATGW; 57mm ATK guns; 40mm, 3.7-in towed, ZSU-23-4 SP AA guns; SA-6, 40 *Tigercat* SAM.
(On order; 600 T-72 med tks, 230 M-198 155mm how, 60 *TOW* ATGW launchers, 3,700 msls.)

Reserves: 200,000. Territorial Army 40,000.

Navy: 47,000 incl naval air force.
8 ex-Sov F-class submarines.
1 ex-Br *Majestic*-class aircraft carrier (capacity 18 *Sea Hawk*, 4 *Alize;* converting to *Sea Harrier*).
1 ex-Br *Fiji*-class cruiser (trg).
2 ex-Sov *Kashin*-class destroyers with 4 *Stryx* SSM; SA-N-1 CAM, 1 hel.
24 frigates; 6 *Leander* with *Seacat* SAM, 1 hel; 2 ex-Br *Whitby* with *Styx* SSM; 12 ex-Sov *Petya* II; 4 trg (3 ex-Br *Leopard*, 1 *Black Swan*).
3 ex- Sov *Nanuchka* corvettes with *Stryx* SSM, A-N-4 SSAM.
16 ex-Sov *Osa*-I/II FAC(M) with *Styx* SSM.
1 *Abhay*, 3 SDB-2 large patrol craft.
6 ex-Sov *Natya* ocean, 4 ex-Br *Ton* coastal, 4 ex-Br *Ham* inshore minesweepers.
1 ex-Br, 6 ex-Sov *Polnocny* LCT, 6 LCU.
(On order: 4 SSK-1500 submarines, 2 *Kashin*-type destroyers, 5 *Godevari* modified *Leander*) frigates, 4 *Nanuchka* corvettes, 6 *Polnocny* LCT.)
Bases: Western Fleet: Bombay, Goa, Cochin. Eastern Fleet: Vishakapatnam, Calcutta. Port Blair.

Naval Air Force: (2,000); 33 combat aircraft, 27 armed hel.
2 attack sqns with 20 *Sea Hawk* (10 in carrier).
1 ASW sqn with 5 *Alizé* 1050 (4 in carrier).
2 MR squs with 5 *Super Constellation*, 3 II-38 *May*.
5 ASW hel sqns with 11 *Sea King*, 5 Ka-25, 11 *Alouette* III.
1 SAR/liaison hel sqn with 10 Alouette III.

3 trg/comms sqns with 7 HJT-16 *Kiran*, 4 *Vampire* T-55, 10 *Islander*, 1 *Devon*, 2 *Seahawk* ac; 4 Hughes 300 hel.
(On order: 8 *Sea Harrier* FGA, 3 Il-38 MR, 6 *Islander* trg ac.)

Air Force: 113,000; some 614 combat aircraft.
4 lt bbr sqns with 50 *Canberra* B(I)58, B(I)12.
10 EGA sqns: 3 with 50 Su-7BM/KU; 3 with 48 *Hunter* F-56/-56A; 1 with 16 *Jaguar* GR-1, 2 T-2; 2 with 50 HF-24 *Marut;* 1 with 10 MiG-23BM (*Flogger* F) and MiG-23UM (*Flogger* C) forming, 2nd to form early 1982.
15 AD/FGA sqns with 300 MiG-21/FL/PFMA/MF/bis/U.
4 interceptor sqns with 80 *Ajeet* (*Gnat* Mk II).
1 recce sqn with 8 *Canberra* PR-57 (to be replaced by MiG-25).
4 hel sqns with some 100 *Cheetah* (*Lama*) (replacing 20 *Krishak* and 10 *Auster* ac).
3 trg and conversion sqns with *Canberra* T-4/ T-13/T-67, *Hunter* F-56/T-66, MiG-21U.
10 tpt sqns: 2 with 31 C-119G, An-32; 2 with 30 An-12; 2 with 24 DHC-3, 3 with 36 C-47, An 32; 1 with 20 DHC-4.
1 comms sqn with 2 Tu-124, 16 HS-748M.
2 liaison flts with 16 HS-748, 4 C-47.
9 tpt hel sqns: 5 with 60 Mi-4, 4 with 52 Mi-8.
3 liaison hel sqns with 60 *Chetak* (*Alouette* III).
Trainers incl 165 HT-2, 170 *Kiran* (1/1A, 15 *Marut* Mk 1T, 10 HPT-3 (replacing HT-2) 45 TS-4 *Iskra*, 27 HS-748 ac, *Chetak* hel.
AAM: AA-2 *Atoll.*
ASM: AS-30.
20 SAM sqns with 120 SA-2/-3.
(On order: 85 *Jaguar* (45 to be locally built). 62 MiG-23BM, 13 MiG-23UM, MiG-21 bis, 80 *Ajeet* (*Gnat* Mk 2) fighters; 8 MiG-25 recce; 40 Am-32, 10 HS1748 tpts;
40 *Iskra*, 90 *Kiran* Mk 2 trg ac; Mi-8, 45 *Chetak* hel.)
Para-Military Forces: About 200,000 Border Security Force, 100,000 in other organizations. Coastguard: 2 ex-Br Type 14 frigates, 2 FAC(P), 5 *Poluchat* FAC(P), 4 *Alouette* III hel. (On order: 3 coastal patrol vessels.)

Source: Air Force magazine, December 1981.

PAKISTAN

Population: 88,950,000.
Military service: voluntary.
Total armed forces: 450,600.
Estimated GNP 1980: $30 bn.
Defence expenditure 1980: 15.29 bn rupees ($1.54 bu).
$1=9.91 rupees (1980).

Army: 420,000 (incl 29,000 *Azad Kashmir* tps).
7 corps HQ.
2 armd divs.
16 inf divs.
4 indep armd bdes.
4 indep inf bdes.
6 arty bdes.
2 AA arty bdes.
6 armd recce regts.
12 SAM btys with 24 *Crotale.*
1 Special Services Group.
M-4, 250 M-47/-48, 35 T-54/-55, 1,000 Type-59 med. 15 PT-76, Type-60/-63, 50 M-24 lt tks; 550 M-113, K-63 APC: some 1,000 25-pdr, 100mm, 130mm, 5.5-in, 155mm guns; 75mm pack, 105mm incl pack and 12 M-7 SP, 155mm towed and M-109 SP how; 270 107mm, 120 mm mor; 57mm, 100mm towed, 8 M-36 90mm SP ATK guns; 75mm, 83mm, 3.5-in RL; 106mm RCL; *Cobra* ATGW; ZU-23 23mm, 37mm, 60 40mm, 57mm, 15 90mm 3.7-in AA guns; 24 *Crotale* SAM.
5 army aviation sqns: 1 liaison sqn with 30 Saab *Supporter* lt ac; 4 hel sqns.
Indep army observation flts with 40 O-1E ac, 12 Mi-8, *Puma*, 20 *Alonette* III, 15 Bell 47G hel.
(On order: *TAM* med tks; M-113 APC; 24 *TOW* ATGW launchers.)

Reserves: 500,000.

Navy: 13,000; 5 combat ac, 6 armed hel.
6 submarines: 2 *Agosta*, 4 *Daphne*.
5 SX-404 midget submarines.
1 ex-Br *Dido* cruiser (cadet trg ship).
8 destroyers: 4 ex-U.S. *Gearing* with *ASROC* ASW; 3 ex-Br. (1 *Battle*, 1 CH, 2 CR).
6 large patrol craft: 1 *Town*, 5 ex-Ch *Hainan*.
12 ex-Ch *Shanghai*-II FAC (G).
4 ex-Ch *Huchwan* hydrofoil RAC(T)<.
19 coastal patrol craft: 1 *Spear*, 18 M-55 Type.
6 ex-US *Adjutant* and 268-class coastal MCM.
1 ex-US *Mission* underway replenishment tanker.

Naval Air:
2 ASW/MR sqns with 3 *Atlantic*, 2 HU-16B with AM-39 ASM.
2 ASW/SAR hel sqns 6 *Sea King* ASW with AM-39, 4 *Alouette* III.
ASM: AM-39 *Exocet*.
Base: Karachi.

Reserves: 5,000.

Air Force: 17,600; 220 combat aircraft.
1 lt bbr sqn with 11 B-57B (*Canberra*).
3 FGA sqns: 1 with 17 *Mirage* IIIED; 2 with 38 *Mirage* 5PA/DP.
8 interceptor/FGA sqns with 144 MiG-19/F-6.
1 Recce sqn with 10 *Mirage* IIIRP.
2 tpt sqns: 1 with 14 C-130B/E, 1 L-100; 1 with 1 *Falcon* 20, 1 F-27, 1 *Super King Air*, 1 *Bonanza*, 1 L-23 ac; 1 *Puma* hel.
1 SAR hel sqn with 10 HH-34B, 14 *Alouette* III.
1 utility hel sqn with 4 *Super Frelon*, 12 Bell 47G.
1 trg sqn with 20 T-33A, 4 MiG-15UTI.
Other trainers incl 3 *Mirage* IIIDP, 87 *Supporter*, 35 T-37C, 34 Shenyang FT-5 (MiG-17U).
AAM: *Sidewinder*, R-530, R-550 *Magic*.
(On order: 15 F-16, 32 *Mirage* 5, 18 *Mirage* III FGA; 30 *Supporter*, Reims FTB-337 trg ac.)

Reserves: 8,000.

Para-Military Forces: 109,100: 22,000 National Guard, 65,000 Frontier Corps, 15,000 Pakistan Rangers, 2,000 Coastguard, 5,100 Frontier Constabulary.

Source: Air Force Magazine, December 1981.

APPENDIX II

STATEMENT IN PARLIAMENT OF MR. SHIVRAJ V. PATIL, MINISTER OF STATE FOR DEFENSE ON PROPOSED U.S. SALE OF F–16S TO PAKISTAN, AUGUST 19, 1981

Following is the text of a statement made by the Minister of State for Defence in response to a call-attention notice in the Rajya Sabha regarding the U.S. decision to supply F–16 aircraft and sophisticated arms to Pakistan.

"Chairman, Sir,

"I share the concern of the members of this House on the decision of the Government of the USA to provide massive military aid to Pakistan. As per reports, the military supplies from the U.S. would consist of sophisticated weapon systems such as F–16 aircraft, modern sophisticated tanks, armored personnel carriers, guns, air and naval missiles, radars, destroyers and warships and other offensive and defensive equipment. The sophistication and quantity of the supplies envisaged is far in excess of Pakistan's legitimate defence requirements.

"The F–16 aircraft represents the introduction into this region of a class of aircraft a generation ahead of anything operating with the other air forces of the area. The combat aircraft currently operating in the sub-continent are all of late 1960s or early 1970s technology. In its offensive role, the F–16 can go much farther and carry much bigger bomb loads than any other aircraft in the region. The PAF, even without F–16 already has a large deep strikeforce. With the induction of F–16 aircraft, the operational capability of PAF would be enhanced to a very great extent.

"Apart from the aircraft, the reports indicate the possibility of supplies of very large quantities of other formidable weapon systems like tanks, guns, missiles, electronic warfare equipment, radars, and so on. The induction of such a large volume of advanced technology weapon systems in a compressed time-fr me is bound to tilt the military balance in favor of Pakistan. It is clear that the subcontinent is being willy-nilly pushed into an arms race, increasing the financial burden on our people at a time when our limited resources should have been entirely used for the economic uplift of our people and to make up for lost time in technological and scientific progress.

"During our Foreign Minister's visit to Pakistan and through diplomatic channels, India's views on this question have been unambiguously conveyed. It was made clear to the Pakistani leaders that while we understood the sovereign right of every country to acquire arms India could not but feel disturbed about the threat to sub-continental peace and stability implicit in the acquisition by Pakistan of sophisticated weapon systems which provokes an arms race by raising the level of prevalent military technology. We have also conveyed our apprehension that such a pursuit by Pakistan of advanced weaponry in large quantities even when India has demonstrated its desire for peace and stability, would undermine the process of normalisation of relations between India and Pakistan and would also extend cold war tensions into the sub-continent.

"The members are naturally anxious to know what steps we are taking to safeguard our security and territorial integrity in the face of these developments. The maintenance of peace is vital to our nation's progress. In order to safeguard it, we shall have to take appropriate measures to counter this threat. It is obviously not desirable to indicate the specific steps that are being considered. I would, however, like to take this opportunity to reassure the honorable members that the government is fully aware of the increased threat to the security and territorial integrity of our country and the Government is taking all necessary measures as may be required to maintain full defence preparedness at all times."

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